

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 OMB-01 TRSE-00 DOTE-00 SCEM-02 SCI-06

SAJ-01 ACDA-19 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 IO-14

CAB-09 COME-00 EB-11 FAA-00 USIE-00 INRE-00 SSO-00

NSCE-00 /151 R

DRAFTED BY EUR/CE: RWBECKER:FPS

APPROVED BY EUR: WSTABLER

EUR/CE: GLRUECKERT

EUR/CE: NCLEDSKY

EB/OA/AN: RPARR

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O P 122202Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

USMISSION BERLIN IMMEDIATE

INFO AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY MOSCOW PRIORITY

USMISSION NATO PRIORITY

C O N F I D E N T I A L STATE 243147

E.O. 11652: GDS

TAGS: ETRN, WB, GW, UK, US

SUBJECT: BEA BERLIN AIR SERVICES

REF: STATE 202110

BEGIN SUMMARY: UK EMBASSY INFORMED DEPARTMENT DECEMBER 11
THAT UK AMBASSADOR IN BONN WOULD MAKE UNILATERAL APPROACH
TO FRG THIS WEEK ON BERLIN AVIATION PROBLEMS. BRITISH
ALSO PROVIDED TALKING PAPER UK AMBASSADOR WILL USE. UK
REPS REITERATED IMPORTANCE BRITISH ATTACHED TO (A) EARLY
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FARE INCREASE (B) LARGER SUBSIDIES AND (C) SUBSTANTIAL
RATIONALIZATION OF BERLIN AIR SERVICES. RATIONALIZATION,
THEY CONCLUDED, WAS MADE MORE URGENT BY PRESENT AND
LIKELY FUURE FUEL SHORTAGES. DEPARTMENT ADHERED TO

PREVIOUSLY EXPRESSED POSITION ON THESE ISSUES (REFTEL)
AND NOTED AREAS IN WHICH WE COULD NOT SUPPORT UK POSITIONS.
DEPTOFFS SUGGESTED THAT ENERGY SITUATION MADE PREVIOUS
AIR TRAFFIC PROJECTIONS UNRELIABLE, AND ASKED THAT TRI-
PARTITE STUDIES BE UNDERTAKEN IN BERLIN ON IMPACT OF FUEL
SHORTAGE ON BERLIN ECONOMY AND TRANSPORTATION REQUIREMENTS.
ANY FIRM DECISIONS ON REVISING BERLIN AIR FREQUENCIES
SHOULD BE POSTPONED UNTIL THIS STUDY COMPLETED. END
SUMMARY.
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1. EMBASSY REPS ADVISED THE DEPARTMENT THAT UK
1. UK EMBASSY REPS ADVISED THE DEPARTMENT THAT UK
FOREIGN MINISTER HAD BRIEFLY MENTIONED ISSUE OF BEA
ECONOMIC DIFFICULTIES IN BERLIN AIR SERVICE TO FRG FONMIN
SCHEEL IN LONDON IN LATE NOVEMBER. UK AMBASSADOR IN BONN
HAS NOW BEEN INSTRUCTED TO FOLLOW UP WITH APPROACH TO
FRG FONOFF LATER THIS WEEK. BRITISH THEN PROVIDED DEPART-
MENT WITH TALKING POINT PAPER UK AMBASSADOR INTENDS USING
(FULL TEXT AIRPOUCHED). PAPER HEWS CLOSELY TO APPROACH
UK REPS USED DURING OCTOBER 9 MEETING IN DEPARTMENT AND
REPEATS PACKAGE PROPOSAL FOR FARE INCREASE, LARGER
SUBSIDIES, AND RATIONALIZATION. THERE IS ALSO HINT IN
PAPER OF POSSIBLE FUTURE LUFTHANSA PARTICIPATION IN
BERLIN AIR SERVICES. THE PAPER CONCLUDES THAT UK PREPARED
TO "CONSIDER ANY PROPOSAL FOR REORGANIZATION OF IGS ON A
COMMERCIALLY VIABLE BASIS" FOR BEA.

2. BRITISH SAID THAT THEY WELCOME DECISION OF PANAM TO
BOLSTER THEIR FARE INCREASE SUBMISSION, AND HOPED THIS
WOULD LEAD TO EARLY AGREEMENT IN BONN. CURRENT FUEL
SHORTAGES ALSO MADE NECESSARY THE TYPE OF RATIONALIZA-
TION IN BERLIN SERVICES UK HAD EARLIER ADVOCATED,
AND BRITISH ASKED THAT US TAKE NEW LOOK AT SITUATION FROM
THIS PERSPECTIVE. BRITISH NOTED WITH PLEASURE THAT PANAM
AND BEA WERE HOLDING FURTHER INFORMAL RATIONALIZATION
DISCUSSIONS IN BERLIN.

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3. DEPARTMENT OFFICERS EXPLAINED THAT PANAM NOW BELIEVES
ON BASIS OF INCREASED FUEL COST ESTIMATES THAT IT MUST
HAVE FARE INCREASES CLOSE TO 10 PERCENT. THIS WAS MORE
IN LINE WITH ORIGINAL BEA PROPOSAL. DEPTOFF EMPHASIZED
DESIRABILITY OF THREE CAAS ACTING QUICKLY TO REACH
AGREEMENT ON FARE INCREASE PROPOSAL FOR PRESENTATION TO
FRG AND SUGGESTED THIS TAKE PRECEDENCE OVER ANY FOUR POWER
DISCUSSION OF BROADER BERLIN AVIATION ISSUES. DEPT
OFFICERS AGAIN WARNED THAT WE OPPOSE ANY SPLIT RECOMMENDAT-
ION ON FARES TO THE FRG AND WISHED TO ASSURE THAT THE
THREE CAAS PROCEED ON THE BASIS OF COMPLETE UNANIMITY
ON FARE INCREASE ISSUE.

4. DEPTOFF WENT ON TO POINT OUT THAT WSB MAY BE MORE SUSCEPTIBLE TO ECONOMIC PROBLEMS AS A RESULT OF FUEL SHORTAGE THAN OTHER GERMAN CITIES. SINCE IMPACT OF FUEL SHORTAGE LIKELY TO BE GREATEST ON WATERWAYS AND SURFACE TRAVEL, AIRLINES MAY BE CALLED UPON TO PROVIDE INCREASED FREIGHT AS WELL AS PASSENGER SERVICE. DEPTOFFS THEN SUGGESTED THAT UK JOIN IN STUDY IN BERLIN TRIPARTITE ECONOMIC COMMITTEE ON EFFECT OF FUEL SHORTAGE ON VIABILITY OF BERLIN. UNTIL ECONOMIC IMPACT OF FUEL SHORTAGE ON BERLIN CAN BE MEASURED, DEPARTMENT FELT IT

UNWISE TO MAKE HARD AND FAST DECISIONS ON CUTBACKS IN SERVICES. DEPTOFF ALSO EXPRESSED HOPE BRITISH WOULD JOIN IN COMBINED EFFORT WITH US AND FRENCH CAAS IN DISCUSSING WITH FRG NEED FOR EQUITABLE FUEL ALLOCATION SYSTEM FOR BERLIN, AND FOR DETERMINATION IF BERLIN AIR ROUTES SHOULD BE GIVEN PRIORITY OVER OTHER INTRA-GERMAN SERVICES. DECISION ON BOTH POINTS MUST BE MADE IN LAST ANALYSIS BY FRG, AND THIS CRUCIAL TO ANY ALLIED DECISION COVERING FUTURE FREQUENCY CUTS.

5. FOR THESE REASONS, DEPTOFFS EXPRESSED DOUBTS AS TO TIMING OF GENERAL UK APPROACH TO FRG. BERLIN AVIATION PICTURE WAS CLEARLY CHANGING RAPIDLY. TRAFFIC PROJECTIONS MADE IN 1973 MAY HAVE LITTLE VALIDITY FOR 1974. IT ALSO SEEMED TO US UNWISE FOR UK TO HOLD OUT HOPE OF LUFTHANSA PARTICIPATION IN BERLIN AIR SERVICES, MAKE REQUEST FOR INCREASED SUBSIDIES, AND SUGGES MAJOR CUTBACKS IN
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SERVICE. US REPS LEFT NO DOUBT THAT IF THESE SUBJECTS CAME UP IN A QUADRIpartite FORUM, THE US WOULD MAKE ITS VIEWS KNOWN WHILE AT THE SAME TIME EXPRESSING ITS HOPE THAT BEA CONTINUE TO PARTICIPATE IN BERLIN AIR SERVICES. BOTH SIDES AGREED TO MEET PERIODICALLY IN WASHINGTON TO DISCUSS FURTHER DEVELOPMENTS ON BERLIN AIR ISSUES.

6. COMMENT: LATEST BEA APPROACH TENDS TO EMPHASIZE MORE CLEARLY THAN EVER NEED FOR ACTIONS DESIGNED TO CLARIFY IMPACT OF FUEL SHORTAGE ON BERLIN AIR PICTURE. WE RECOMMEND FOLLOWING ACTIONS BE UNDERTAKEN: (A) USBER SHOULD INSTITUTE AS SOON AS POSSIBLE TRIPARTITE ECONOMIC STUDY OF BOTH SHORT TERM (3 TO 6 MONTHS) AND LONG TERM ECONOMIC IMPACT OF FUEL SHORTAGE ON BERLIN ECONOMY, WHICH CAN SERVE AS BASIS FOR EVALUATING BERLIN AIR SERVICE REQUIREMENTS; (B) EMBASSY BONN SHOULD (1) MAKE EVERY EFFORT REACH EARLY TRIPARTITE AGREEMENT ON FARE INCREASE PROPOSAL ON BASIS OF REVISED PANAM DATA, (2) PURSUE WITH FRG IN QUADRIpartite FORUM QUESTIONS OF AVIATION FUEL ALLOCATIONS FOR BERLIN SERVICES, AND (3) SUGGEST THAT TRIPARTITE CAA DIRECTIVE BE ISSUED

TO ALL AIRLINES SERVING BERLIN, SPECIFYING THAT ANY
FUTURE PROJECTED CUTS IN BERLIN SERVICES BE COMMUNICATED
WELL IN ADVANCE FOR CAA REVIEW AND AUTHORIZATION (DEPT
WISHES OPPORTUNITY TO COMMENT BEFORE FURTHER CHANGES
ARE APPROVED). KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 10 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLIES, CIVIL AVIATION, JET FUEL, AIR FARES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE243147
Document Source: ADS
Document Unique ID: 00
Drafter: EUR/CE: RWBECKER:FPS
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731256/abqcekga.tel
Line Count: 170
Locator: TEXT ON-LINE
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 202110
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2001 by willialc>; APPROVED <17-Aug-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BEA BERLIN AIR SERVICES
TAGS: ETRN, WB, GE, UK, US, BEA
To: BONN
BERLIN INFO LONDON
PARIS
MOSCOW
NATO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

